

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: April 7-8, 2004

Reference No.: 2.5g

From: ROBERT L. GARCIA
Chief Financial Officer

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Ref: **EXCHANGE OF CAPITAL OUTLAY STATE HIGHWAY OPERATION AND PROTECTION PROGRAM (SHOPP) STATE FUNDS FOR LOCAL ASSISTANCE FEDERAL TRUST FUND DOLLARS FOR PROJECTS PROGRAMMED IN THE SAFE ROUTES TO SCHOOLS PROGRAM, RESOLUTION-FM- 03-06**

ISSUE:

Funding for the Safe Routes to School (SR2S) Program is contained within the federal fund portion of the Local Assistance Lump Sum Allocation. Approved legislation allows the SR2S program to use state funds. A technical adjustment within the Lump Sum Allocation needs to be processed to accommodate this exchange.

BACKGROUND:

SB 10 (Soto) was signed by former Governor Davis in October 2001. This bill extended the SR2S Program from its original sunset date for three additional years. The program will remain in effect until January 1, 2005. In addition, SB 10 allows the Department of Transportation (Department) to "substitute State Highway Account funds in accordance with the Department's policy for state funding in place at the time of the project fund allocation..." for SR2S projects. On May 9, 2002, the California Transportation Commission (Commission) approved the substitution of \$20.7 million of federal funds for state funds for Cycle 2 SR2S projects; another substitution of \$15 million for Cycle 3 projects was approved on April 2, 2003.

The program level for Cycle 4 SR2S in Fiscal Year 2003-04 is approximately \$23 million. The Department has approved the substitution of federal funds for state funds for these Cycle 4 projects. The total amount of federal funds to be substituted for state funds is \$22 million. This is the amount available to the state for safety projects.

The State Highway Operation and Protection Program (SHOPP) includes projects that are funded with a mixture of state and federal funds. Currently, the SHOPP includes approximately \$100 million of projects that are eligible for federal safety funds. However, only \$22 million of federal safety funds are available. By exchanging federal SR2S funds for state funds for these SHOPP projects, the approved substitution can take place and will be revenue neutral. In addition, the SHOPP projects must be developed using federal funding guidelines. The exchange will not impact the use of those guidelines.

Commission policy allows that projects costing less than \$750,000 should be funded with state funds, subject to the availability of those funds (Resolution G-01-26). All projects funded under the SR2S are less than \$750,000. The SR2S projects range from \$25,000 to \$450,000.

Funding for the SR2S program is currently included as part of the Lump Sum Allocation request for Local Assistance. The exchange of the federal funds for state funds will be shown as a decrease in the amount of federal funds, with a corresponding increase in the state funds and will be a revenue neutral exchange.

RECOMMENDATION:

It is recommended that Cycle 4 of the SR2S program be funded with state funds and accomplished by the above process. This substitution of federal funds for state funds will allow the Department to be more responsive in the delivery of SR2S projects.

FINANCIAL RESOLUTION:

Resolved That:

Pursuant to Provision 1, Item 2660-102-0890, of the 2003 Budget Act, \$22 million be transferred from Local Assistance Appropriation, Item 2660-102-0890(1) to the Capital Outlay Appropriation, Item 2660-301-0890(1); and

Pursuant to Provision 1, Item 2660-301-0890, of the 2003 Budget Act, \$22 million be transferred from Item 2660-301-0890(1) to the Capital Outlay Appropriation, Item 2660-302-0890(1)(a); and

Pursuant to Provision 2, Item 2660-302-0042, of the 2003 Budget Act, \$22 million be transferred from 2660-302-0042(1)(a) to the Local Assistance Appropriation, Item 2660-102-0042(1)(b)

Resolved, that SHOPP projects eligible for federal safety funds that would otherwise be state funded will be funded with the exchanged federal safety dollars.

SUMMARY AND CONCLUSIONS:

This allocation provides the authority to substitute funds, up to the amounts listed on Page 2 of this resolution for the Safe Routes to School Program and SHOPP projects.

ALLOCATION OF FUNDS FOR LOCAL ASSISTANCE FISCAL YEAR 2003-04

(Dollars in Thousands)

	<u>State</u>	<u>Federal</u>	<u>Revised State</u>	<u>Revised Federal</u>
<u>2660-102-0042(1)</u>				
State Match and Exchange	\$46,000		\$46,000	
Seismic Bridge Retrofit State Match	0		0	
Local Bridge Inspection	900		900	
Railroad Grade Separation	15,000		15,000	
RR Grade Crossing Maintenance	4,250		4,250	
Misc. Unassigned Local Programs	2,000		2,000	
TEA Exchange	6,440		6,440	
Freeway Service Patrol	18,079		18,079	
Safe Routes to Schools	<u>0</u>		<u>22,000</u>	
Subtotal	\$92,669		\$114,669	
<u>2660-105-0046(1)</u>				
Bay Area Ferry Operations Program	\$2,850		\$2,850	
<u>2660-102-0890(1)</u>				
Surface Transportation (STP)		\$372,945		\$372,945
Congestion Mitigation and Air Quality (CMAQ)		277,000		277,000
Seismic Bridge Retrofit		52,490		52,490
Bridge Rehabilitation and Replacement		98,640		98,640
Local Bridge Inspection		3,300		3,300
RR Grade Crossing Protection		10,000		10,000
Hazard Elimination & Safety (HES)		10,000		8,000
Safe Routes to School		20,000		0
Misc. Unassigned Local Programs		1,625		1,625
TEA-Regional Share		<u>45,000</u>		<u>45,000</u>
Subtotal		\$891,000		\$869,000
Total Local Programs	\$95,519	\$891,000	\$117,519	\$869,000